

DOCKET NO. 94-051-W - ORDER NO. 94-393

IN RE: Complaints of the Customers of) ORDER
Gauley Falls Water System)

This matter comes before the Public Service Commission of South Carolina (the Commission) pursuant to Commission Order No. 94-109, issued in this docket on February 3, 1994. In that Order, this Commission determined that a hearing should be held inquiring into the ownership of the Gauley Falls Water System, so that the residents of Gauley Falls could know who to consult in case of problems with their water service. In that Order, the Commission further held that as a part of any hearing, Ray Haskett and Piedmont Water Company should show cause to the Commission as to why they should not be declared to be the owners of the Gauley Falls Water System, and why the system should not be declared to be a regulated water utility.

The hearing in this matter was held on April 20, 1994 at 11:00 a.m. in the Commission hearing room. The Honorable Henry G. Yonce, Chairman, presided. Piedmont Water Company appeared and was represented by Thomas Dugas, Esquire. Ray Haskett appeared also, but was not represented by counsel. The Gauley Falls customers appeared, and were represented by Marvin J. Short, Esquire. The Commission Staff also appeared, and was represented by F. David

Butler, General Counsel for the Commission.

Piedmont Water Company presented the testimony of Thomas A. Sutton. Sutton testified that he owned two interlocking companies, Piedmont Water Company, Inc., a water company, and Robbins Brothers, Inc., a well drilling company. The evidence showed that after 1989, some \$8900 was collected from residents of Gauley Falls by Robbins Brothers/Piedmont Water Company, Inc. Sutton stated that, after consultation with Commission Legal Staff, the funds were denominated as contributions in aid of construction. An examination of pleadings in the Pickens County Court of Common Pleas, however, showed that the funds were referred to as "tap fees." Sutton further testified that although he believed Ray Haskett (or Gauley Falls Real Estate Development Corporation (the Corporation)) was the real owner of the Gauley Falls Water System, that he and his companies were willing to participate in "making things easier," i.e., maintenance and operation of the system.

It was stated that Piedmont had originally intended to apply to this Commission for establishment of rates as a public utility, but because of the number of problems, had never done so. Ray Haskett testified that the system had been deeded to him, but he had never recorded the deed at the RMC office in Pickens County. Haskett also testified as to numerous financial problems.

The Gauley Falls customers presented the testimony of Michael Yother and Jim Grantham, both of whom testified that it was their desire that the Gauley Falls water system be declared to be a public utility. Further, they testified that they felt it was in their best interest to be able to consult with a regulated utility,

when problems arose with the system.

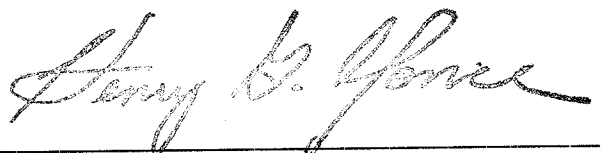
The Commission has considered all the evidence in this case and hereby holds that the Gauley Falls Water System is a regulated public water utility. Clearly, either Robbins Brothers and/or Piedmont Water System collected \$8900 from the residents of Gauley Falls after 1989 in section 4 of the Gauley Falls Subdivision which was after construction of the units in that subdivision. Further, these companies continued receiving money into 1992. The Commission believes that the collection of these monies was a collection of tap fees, which in and of itself, makes the system a regulated public water utility.

As to the ownership of the system, it is clear to the Commission that Piedmont Water Company, Inc. deeded the system to Ray Haskett, or his Corporation, although Haskett never recorded the deed in the Courthouse as such. The Commission is concerned, however, with Haskett's financial status, and his resultant ability to maintain and operate the system. Thomas Sutton, in testifying for Piedmont Water Company, testified that his companies were willing to participate in the continued operation and maintenance of the system. The Commission believes that it is in the best interest of the customers of Gauley Falls that Piedmont Water Company, Inc./Robbins Brothers should do so. The Commission therefore holds that although Haskett and/or his Corporation owns the water system, Piedmont Water Company, Inc./Robbins Brothers shall continue, until further notice, to assist in operating and maintaining the Gauley Falls Water System. Matters of finances shall be worked out between Piedmont Water Company, Inc./Robbins

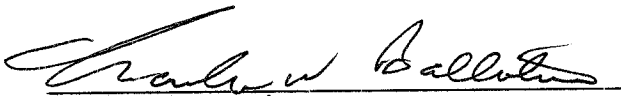
Brothers and Haskett. These parties shall be jointly responsible for the continued operation of the system. Should these parties wish to begin charging for the water service, they shall file a Petition for establishment of rates with this Commission.

It became apparent during the hearing that the parties had discussed with Pickens County the possibility of Pickens County taking over the water system. It appears to this Commission that the state of this water system, as revealed in this hearing, mandates that all parties to this case negotiate with Pickens County for the purposes of Pickens County taking over the water system. The Commission strongly encourages all parties to do so. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)